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Viewing cable 08NICOSIA811, CYPRUS TO ANNOUNCE TENDERS FOR OFFSHORE

If you are new to these pages, please read an introduction on the <u>structure of a cable</u> as well as how to discuss them with others. See also the FAQs

Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables (<u>browse by origin</u> to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this <u>WikiSource</u> article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at theparagraph symbol). Please mark messages for social networking services like Twitter with the hash tags #cablegate and a hash containing the reference ID e.g. #08NICOSIA811.

Reference ID Created Released Classification Origin

08NICOSIA811 2008-10-10 11:13 2011-08-30 01:44 CONFIDENTIAL Embassy Nicosia

Appears in these articles:

http://www.tanea.gr

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VZCZCXRO3206
PP RUEHAG RUEHROV
DE RUEHNC #0811 2841113
ZNY CCCCC ZZH
P 101113Z OCT 08
FM AMEMBASSY NICOSIA
TO RUEHC/SECSTATE WASHDC PRIORITY 9223
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 5285
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 6446
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
CONFIDENTIAL NICOSIA 000811
SIPDIS
E.O. 12958: DECL: 10/10/2018
TAGS: ECON PREL EPET CY
SUBJECT: CYPRUS TO ANNOUNCE TENDERS FOR OFFSHORE
EXPLORATION, SEVERE NEGATIVE TURKISH REACTION EXPECTED
REF: A. 07 NICOSIA 675
     ¶B. 07 ANKARA 2206
Classified By: AMB FRANK URBANCIC FOR REASONS 1.5 (B AND D)
11. (C) The Cypriot Department of Energy is planning to
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announce the next round of bidding for offshore oil and gas exploration in Cypriot-claimed waters this November. During the first round of bidding in August, 2007, only three of the eleven blocs on offer received bids. Subsequently, only Noble Energy of Houston proceeded to negotiate an exploration and production agreement for a bloc abutting Israel,s EEZ where the company currently is operating gas fields with an Israeli partner. Noble,s agreement was approved by the ROC Council of Ministers in late September 2008 and is expected to be signed by the end of October.

- 12. (C) The next round of bidding, expected to take place the first half of 2009, will include the blocs contracted for in the first round as well as two new blocs at the eastern edge of Cyprus, EEZ. The U/S of the Department of Energy tells us that the 3D seismic data for these blocs indicates strong likelihood of significant liquid deposits. The Commerce Ministry believes the poor bidding results in the first round were due to Turkish saber rattling. Noble executives told us that in September, 2007 they were visited in their Houston offices by the Turkish CG in town and told that if they proceeded with the bid, the company "could never expect to do business with Turkey." Note. The Noble bloc, and all other blocs identified by the ROC at this point, are south of coastal territory administered by the Turkish Cypriots. End Note.
- ¶3. (C) On October 8, the President of the Turkish Cypriot Chamber of Commerce, during a general conversation with econoff, said that he believes that Turkey is very likely to again challenge the ROC,s right to proceed with exploiting its offshore assets in the absence of an overall settlement to the Cyprus problem. He believes that Turkey will "at least send a warship to the area8 as it did in the run-up to the first round of bidding. In November 2007, the number two of the "ruling" Turkish Republican Party (CTP) told poloff that T/C leader Talat gave then RoC President Papadopoulos a strongly worded warning regarding the consequences of such action at their last meeting on September 5, 2007. Last month, another CTP insider told us that he hoped that Christofias would not pull anything "crazy" like starting off-shore oil and gas exploration. Otherwise, he said in all seriousness, Turkey would send the &fleet8 down.
- 14. (C) Comment: The G/Cs are aware of Turkish concerns and one contact in the Commerce Ministry told us that this is why the second round has been delayed until now. She even opined that it could be delayed again for fear of affecting the reunification talks. The ROC also wants to avoid another bidding round that results in few bids; a possibility if Turkey reacts strongly. Additional fallout from this problem is the ROC probably blocking the opening of the Energy Chapter in Turkey,s EU accession talks. The USG (and EU) position during the first round of bidding was that the ROC, as the recognized government of a sovereign state and a signatory to the UN Law of the Sea, has the right to proceed with exploring it EEZ. We defer to Embassy Ankara for assessment of potential Turkish reactions. Urbancic